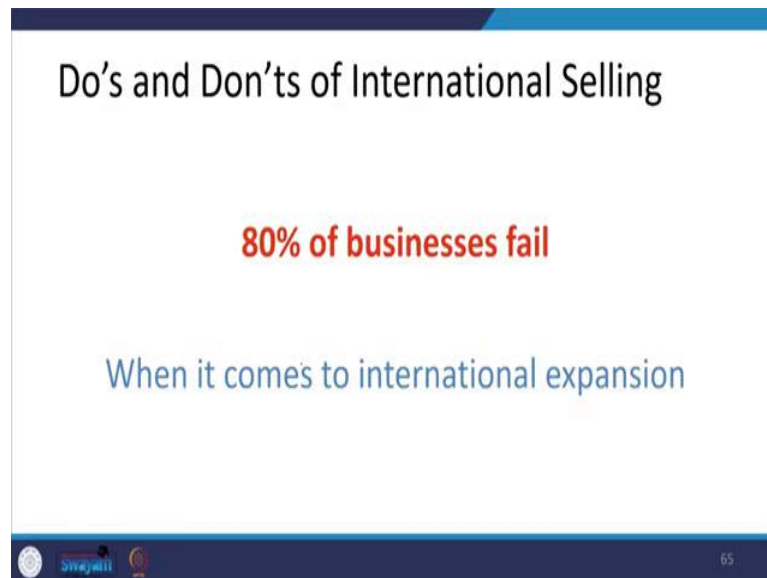


Strategic Sales Management
Prof. Kalpak Kulkarni
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture - 34
Do's and Don'ts of International Selling

Hello. Now, after covering the Concept of International Selling and understanding what it is, and after covering how to manage the sales force when you are going international, let us now look at the next kind of you know topic that is what are the do's and don'ts one should consider before venturing into international markets.

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So, 80 percentage of businesses fail when it comes to international expansion. And there can be various reasons and for one who is going to expand internationally, we must look at some do's and do not's.

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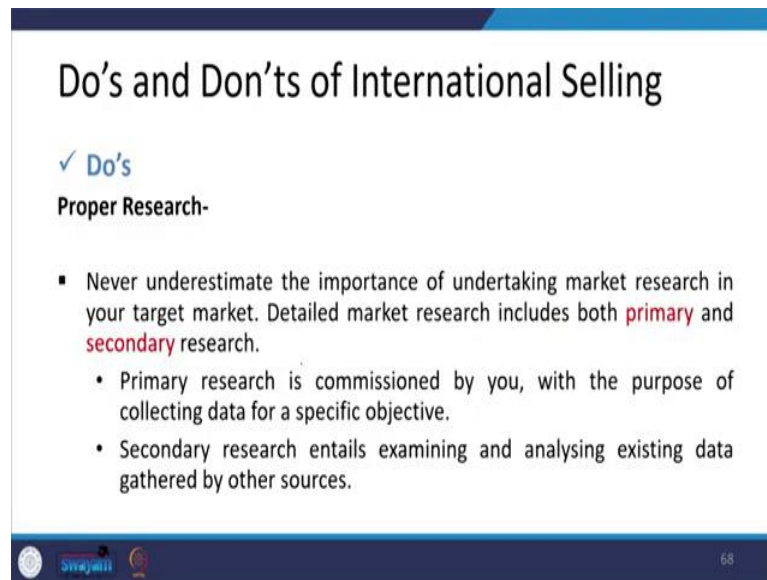
The slide is titled "Do's and Don'ts of International Selling". Under the heading "✓ Do's", there is a sub-heading "Proper Research-". Below this, there are two bullet points. The first bullet point states: "Firms seeking prospects of selling in an international market must do a prior research about the particular nation to understand the cultural, linguistic, societal trends and also must develop strategies according to the infrastructure, market size, governmental policies and regulations in place." The second bullet point states: "For Example, Suzuki did a proper research before and while exploring the Indian markets." At the bottom of the slide, there are logos for "Swajathi" and a page number "67".

Let us start with the do's first. First do's is proper research. So, firms seeking prospects of selling in the international market must do a very proper research prior going into those domains. Research about particular about the nation, to understand the cultural, linguistic, societal trends and also they must develop strategies according to the infrastructure that is available in those markets. The market size, the target segment that is available, the governmental policies, and regulations that are there in the place.

For example, Suzuki, a very long partner of Maruti Suzuki limited did a proper research before and you know entering into an Indian market. So, they started with around 26 percent stake in Maruti Udyog limited which was earlier owned by State Government. Later even after requests they hesitate to increase the stake up to 40 percent which was at the time allowed by the government.

But then after realizing the market potential, getting accustomed to Indian market, the Maruti Udyog limited then into kind of you know get more kind of you know partnership with Suzuki which around 50-50 percent by 1991 when India opened the door for globalization and other companies from abroad.

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The slide is titled "Do's and Don'ts of International Selling" and is part of a presentation on "Proper Research". It features a blue header and footer. The footer contains the Swajathi logo and the number 68.

Do's and Don'ts of International Selling

✓ Do's

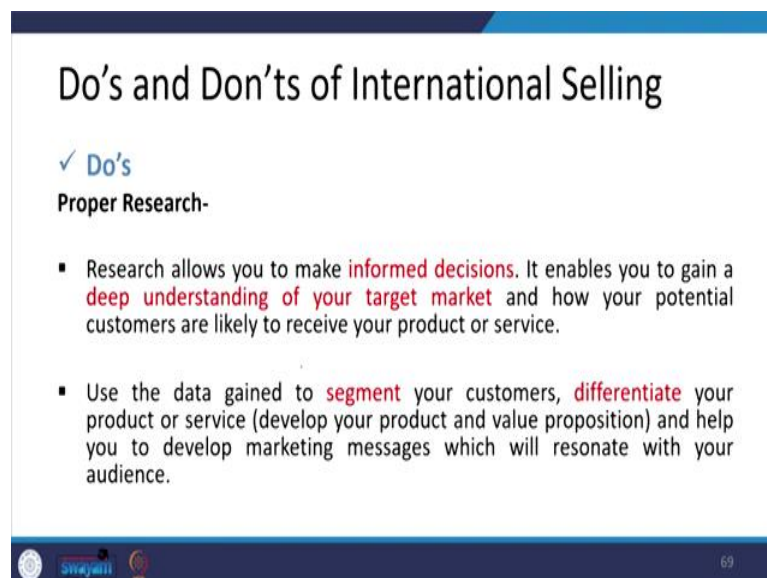
Proper Research-

- Never underestimate the importance of undertaking market research in your target market. Detailed market research includes both **primary** and **secondary** research.
 - Primary research is commissioned by you, with the purpose of collecting data for a specific objective.
 - Secondary research entails examining and analysing existing data gathered by other sources.

Next is under proper research. Never underestimate the importance of undertaking market research in your target market. Detailed market research includes both primary as well as secondary research.

So, primary research is commissioned by you, with the purpose of collecting data for a specific kind of an objective. Let us say for example, understanding customers or customer behavior in those international markets. Secondary research enters examining and analyzing existing data gathered by other sources.

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The slide is titled "Do's and Don'ts of International Selling" and is part of a presentation on "Proper Research". It features a blue header and footer. The footer contains the Swajathi logo and the number 69.

Do's and Don'ts of International Selling

✓ Do's

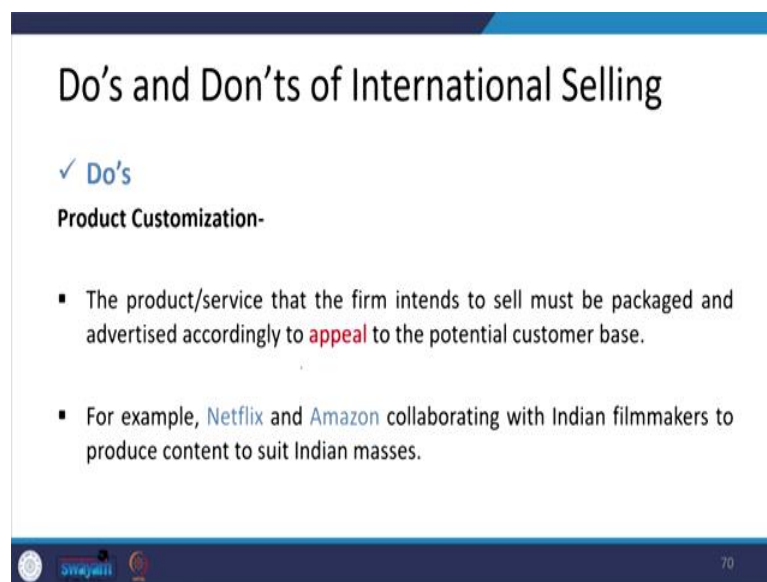
Proper Research-

- Research allows you to make **informed decisions**. It enables you to gain a **deep understanding of your target market** and how your potential customers are likely to receive your product or service.
- Use the data gained to **segment** your customers, **differentiate** your product or service (develop your product and value proposition) and help you to develop marketing messages which will resonate with your audience.

Next, 2 is proper research, under proper research is research allows you to make informed decisions. We already covered this topic under why there should be kind of you know data driven informed decision that guides your strategic selling and even in going for international markets. In those cases also, one should have a data based information decisions and all. So, it enables you to gain a deep understanding of your target market and how your potential customers are likely to receive your product or service.

Use this data gained to segment your customers, differentiate your offerings, whether you are offering a product or service, and again develop marketing messages which will resonate with the audience that is there in abroad or the international market.

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The slide is titled "Do's and Don'ts of International Selling". It features a blue header and footer. The main content is on a white background. A blue checkmark icon is followed by the text "Do's". Below this, the section "Product Customization-" is highlighted. Two bullet points are listed: the first states that the product/service must be packaged and advertised to appeal to the potential customer base; the second gives an example of Netflix and Amazon collaborating with Indian filmmakers to produce content for Indian audiences. The footer contains a logo, the name "Sriyaji", and the number "70".

Do's and Don'ts of International Selling

✓ Do's

Product Customization-

- The product/service that the firm intends to sell must be packaged and advertised accordingly to **appeal** to the potential customer base.
- For example, **Netflix** and **Amazon** collaborating with Indian filmmakers to produce content to suit Indian masses.

Sriyaji 70

Another do's is product customization. So, nothing can be selling, the same product cannot be sale to other kind of you know markets as it is. The product service that the firm intends to sell must be packaged and advertised accordingly to appeal to the particular potential customer base that is present. For example, Netflix and Amazon collaborating with Indian filmmakers to produce content that suit Indian masses and kind of you know test of Indian audiences.

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The slide is titled "Do's and Don'ts of International Selling". Under the "Do's" section, it lists "Product Customization-". A bullet point states: "Exporting success also requires the ability to customize products to meet both the technical requirements and the cultural 'norms' of the local market." A sub-bullet provides an example: "Example: a fire engine is exported to Nigeria that was designed to help provide emergency services for a city of more than three million residents. But selling and delivering the truck was only half the battle. The pumper was designed to run on 1,000 gallons per minute, but the local infrastructure could only accommodate about 50 gallons per minute." The slide footer includes a Swajili logo and the number 71.

Exporting success also gained requires ability to customize your products to meet both the technical requirements of those particular markets, as well as the cultural “norms” of the local market. For example, a fire engine which is exported to Nigeria you know African country, that was designed to help provide emergency services for a city of more than 3 million residents.

But selling and delivering the truck was only the half of the kind of project, right. The pumper that was designed was designed to run a 1,000 gallons per minute. However, the local infrastructure in Nigeria could only support or accommodate about 50 gallons per minute. So, the product was not actually customized for the market, right. So, that is one example we can have.

(Refer Slide Time: 04:39)

Do's and Don'ts of International Selling

✓ **Do's**

Create sustainable Partnerships-

- While selling globally, the firm must make reliable partners in a country/region to better navigate the local business climate and maximize profits.
- For example, **McDonalds** and **Subway** make local franchise partners while operating globally.

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Again, next thing is to create sustainable partnerships. While selling globally, the firm must make reliable partners in a country, region to better navigate the local businesses climate and maximize the profits. For example, McDonalds and Subway make local franchisee partners while operating globally.

(Refer Slide Time: 05:02)

Do's and Don'ts of International Selling

✓ **Do's**

Develop a trusted, in-country team-

- When you visit your target market, start to **develop relationships** with a trusted team of professionals that will assist with overseas operations.
- You'll benefit from a business development partner and a sales representative with a comprehensive client list.
- It's also beneficial to seek **advice from a legal consultant** who is familiar with the employer regulations in your target country.

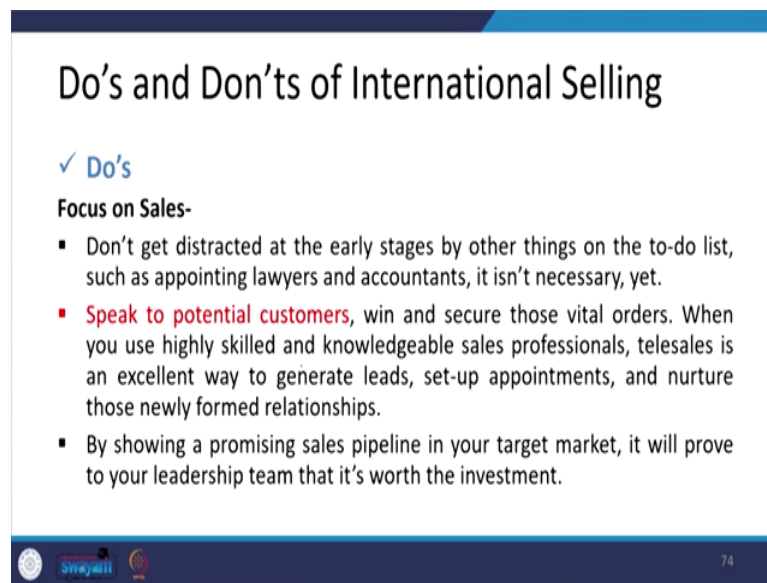
73

Coming to the next one, that is developing a trusted, in-country team. So, when you visit your target market, start to develop relationships with a trusted team of professionals that

will assist with overseas operations, that will help out you to settle well and start well when you are going initially.

You will benefit from a business development partner and a sales representative with a comprehensive client list as well. So, you get a readymade list of clients to approach too. It is also beneficial to seek advice from a legal consultant who is familiar with the employer regulations in that particular target country.

(Refer Slide Time: 05:35)



The slide is titled "Do's and Don'ts of International Selling". It features a blue header and footer. The main content is white with a blue checkmark icon next to the word "Do's". Below this, the text "Focus on Sales-" is followed by a bulleted list of three points. The first point is a negative instruction, the second is a positive instruction with "Speak to potential customers" in red, and the third is a positive instruction. The footer contains logos for Swayam and a page number "74".

Do's and Don'ts of International Selling

✓ Do's

Focus on Sales-

- Don't get distracted at the early stages by other things on the to-do list, such as appointing lawyers and accountants, it isn't necessary, yet.
- **Speak to potential customers**, win and secure those vital orders. When you use highly skilled and knowledgeable sales professionals, telesales is an excellent way to generate leads, set-up appointments, and nurture those newly formed relationships.
- By showing a promising sales pipeline in your target market, it will prove to your leadership team that it's worth the investment.

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Focus on sales, right from the beginning. That is again one more do's one should consider. So, don't get distracted at the early stages by other things on the to-do list, like appointing lawyers and accountants, it is not necessary yet.

So, speak to your potential customers, win and secure those vital orders initially. When you use highly skilled and knowledgeable sales professionals, telesales is an excellent example for this and you nurture the newly formed relationships the profits are going to come. So, by showing a promising sales pipeline in your target market, it will really prove your leadership team that it is worth the investment is.

Next do's is develop a go-to market strategy.

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Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

- A Go-To-Market strategy is an action plan, laying out exactly how you will sell your product or service to your target market, in order to generate revenue.

GO-TO-MARKET STRATEGY
5 core elements

1. Product & value proposition
2. Market
3. Customers
4. Routes, channels, & partners
5. Numbers

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So, we must have covered this strategy in earlier or one of the sessions. Just revisit it again. A go-to market strategy is an action plan, laying out exactly how you will sell your product or service to your target market, in order to generate revenue. So, not just targeting your domestic customers, even when you are targeting your international customers, one should have a go to market strategy ready beforehand.

So, go-to market strategy consists of 5 core elements. First one is product and value proposition, second data about market, customers is the third, fourth routes and channels and partners, and then numbers.

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Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

1. Product and Value Proposition

"The set of qualities of a good or service that allows it to fulfil the customer's needs and desires"

-Chartered Institute of Marketing (CIM)

| Host | Guest |
|---------------------|--------------------------|
| Income generation ✓ | Choice and variety ✓ |
| Simplicity ✓ | Cheaper ✓ |
| Risk minimization ✓ | Authenticity/Community ✓ |

airbnb

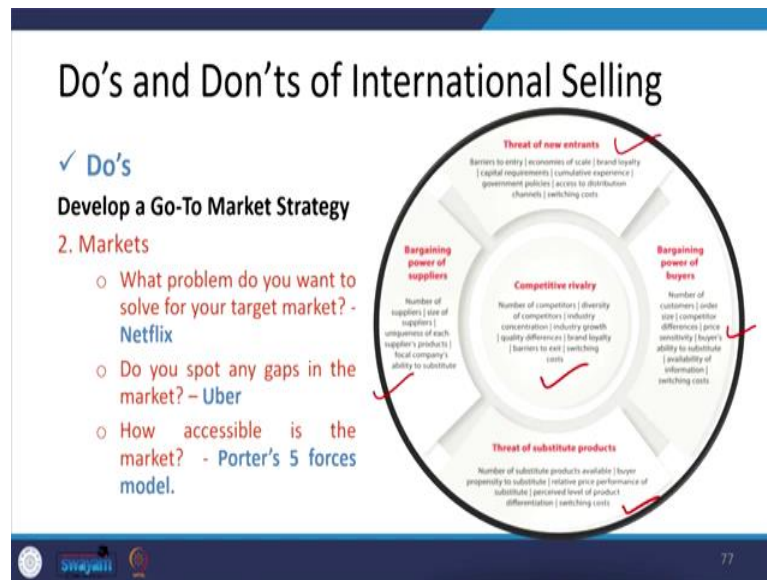
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So, let us look at each one of these, each one of these in detail. First one is product and value proposition. So, value proposition is nothing, but the set of qualities of a good or service that allows it to fulfill the customer's needs and desires.

So, for example, take an example of airbnb. For host, what kind of value proposition airbnb offers? So, airbnb ensures income generation for the host, simplicity of getting to the customers, and risk minimization because of the network and kind of you know back end operations or kind of you know infrastructure it provides to its host.

With respect to guest, the same airbnb offers different kind of value propositions for guests. It is kind of choice and variety, access to those rooms and across kind of you know premises across the globe. Cheaper rentals, that is one more value proposition. And authenticity and community of that particular brand followers or the people who are using that particular airbnb services. So, these are the different value propositions for host as well as guest.

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Next go to market strategy element is markets. So, what problem do you want to solve for your target market? For example, Netflix, right. So, they want to solve kind of you know customized local content, and that is why the elaborate kind of you know content, they found people who can have a better understanding of the particular cultural aspects of those particular country and the audience, and then they make these shows and kind of series.

Do you spot any gaps in the market? For example, Uber. Uber has correctly identified the gap, right. So, people who don't want to own the car as well as there should be something to transport kind of you know a mobility solution. So, that is where Uber comes into picture. Another example is our question that one should answer is, how accessible is the market? Here one can refer to Michael Porter's 5 forces model, which exactly predicts what are the different elements that can drive your international business strategy.

In Porter's 5 forces model, there are different factors that influences a business kind of you know market accessibility. First one is threat of bargaining power of buyers, right. So, it talks about number of customers that are there the order size, then competitive differences, price sensitivity of customers, buyers ability to substitute products, availability of information and as well as switching costs of that particular product.

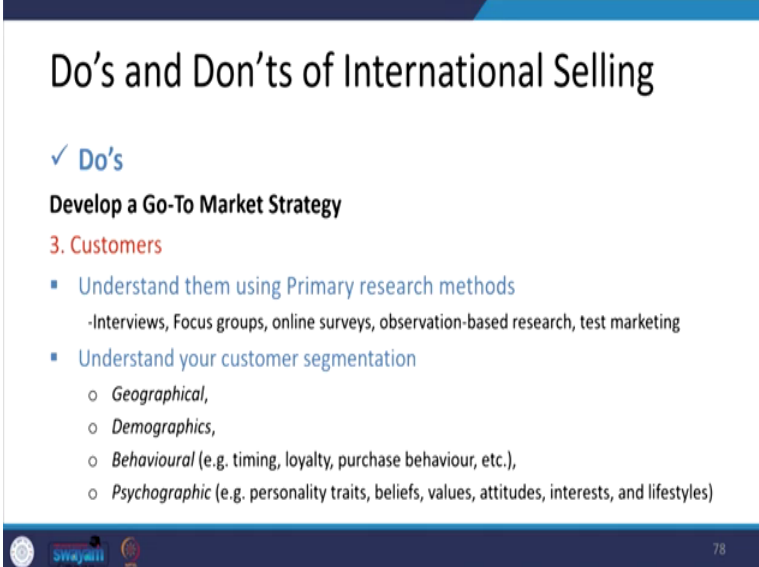
Then, threat of substitute products is another factor where number of substitute's products available in the particular market, international market, buyer propensity to substitute your products with other competitive products. Relative price performance, perceived level of product customization or differentiation and then switching cost as well.

Coming to bargaining power of suppliers, again what kind of people you are going to you know borrow your raw materials or whatever support materials that you require for your product or services. Which includes number of suppliers in those particular market, size of suppliers, uniqueness of each supplier products and etcetera.

Threat of new entrants is again one should consider before venturing internationally, like for example, barriers to entry in particular industry, economies of scale, brand loyalty, capital requirements, commutative experience, government policies of that particular country or nation, access to distribution, and even switching cost again.

And at the center there is something called as a competitive rivalry, right. So, it talks about how competition structure present in that particular international market. You needed to gather information about number of competitors, diversity of competitors, industry concentration, industry growth, quality differences, brand loyalty, barriers to exit and all those things.

(Refer Slide Time: 11:01)



Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

3. Customers

- **Understand them using Primary research methods**
 - Interviews, Focus groups, online surveys, observation-based research, test marketing
- **Understand your customer segmentation**
 - *Geographical,*
 - *Demographics,*
 - *Behavioural* (e.g. timing, loyalty, purchase behaviour, etc.),
 - *Psychographic* (e.g. personality traits, beliefs, values, attitudes, interests, and lifestyles)

swajail 78

Coming to the third element of go to market strategy is nothing, but customers. So, understand them using primary research methods, you can use interviews, focus group discussions, even online surveys and even observation based research as well.

Again, you can also understand customer segmentation and you can employ different factors to segment your customers. One way is for example, geographic. Another way could be demographics like age, gender. Third segmentation criteria can be behavioral, like the way people buy the timing of their buying the loyalty structure or the loyalty kind of thing they follow, purchase behaviors etcetera.

And the most important which is recently gaining very popularity is psychographic segmentation, where you can target your customers based on their personality traits, beliefs, values, attitudes, interests and even lifestyle as well.

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The slide is titled "Do's and Don'ts of International Selling". Under the heading "Do's", it lists "Develop a Go-To Market Strategy" and "3. Customers". Under "Customers", it lists "Psychographic segments". To the right of this list is a box containing five psychographic segments for Porsche, each with a brief description. The segments are: "The top gun", "The elitist", "The proud patrons", "The bon vivants", and "The fantasist". The Porsche logo and name are visible at the bottom left of the slide.

Do's

Develop a Go-To Market Strategy

3. Customers

- Psychographic segments

The top gun: an ambitious and driven individual who cares about power and control and expects to be noticed

The elitist: an individual from old money (blue blood). Has the attitude that a car is "just a vehicle" and not an expression of a person's personality

The proud patrons: views a Porsche as a trophy considering it a reward for hard work; with ownership as the main goal, not being noticed

The bon vivants: are thrill seekers and jet setters, with the Porsche as a means of excitement

The fantasist: sees the Porsche as a form of escape and does not care about impressing others

PORSCHE

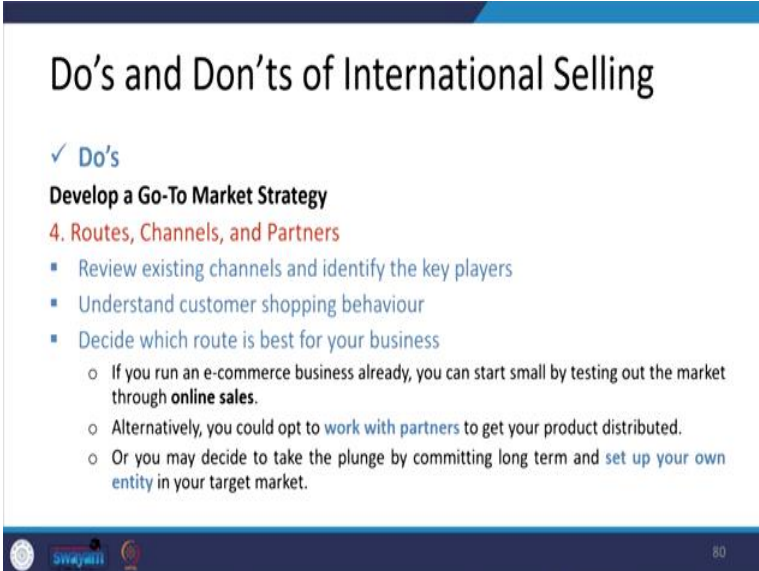
So, for example, latest example in psychographic segments is the segmentation adopted by the automobile manufacturer Porsche. So, they identified 5 different segments of customers based on the psychographic characteristics. The first segment is the top gun, which includes an ambitious and driven individual who cares about power and control and expects to be noticed. So, these people are classified as top gun kind of you know customer base.

Second category is the elitist. An individual from an old money kind of you know blue blood kind of an audience or customers. Has the attitude that a car is “just a vehicle” and not an expression of person’s personality, exactly opposite of what top gun thinks, right. The proud patrons are the third category of customers who views a Porsche as a trophy considering it a reward for hard work, with ownership as the main goal, not being noticed.

Fourth kind of customers of Porsche are the bon vivants, which are who are thrill seekers and jet setters with the Porsche as a means of excitement. See the different kind of you know positioning, the same brand can have for different audiences.

And the final kind of a set of customers consists of fantasist, sees the Porsche as a form of escape and does not care about impressing others. So, every customer kind of you know have different motivation or different kind of you know expectation from the same brand. And that is where we use psychographic segments to classify our customers or segment our customers when going internationally.

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Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

4. Routes, Channels, and Partners

- Review existing channels and identify the key players
- Understand customer shopping behaviour
- Decide which route is best for your business
 - If you run an e-commerce business already, you can start small by testing out the market through **online sales**.
 - Alternatively, you could opt to **work with partners** to get your product distributed.
 - Or you may decide to take the plunge by committing long term and **set up your own entity** in your target market.

80

Fourth kind of an element under go-to strategy is routes, channels and partners, where one should review existing channels and identify the key players, and then understand customer shopping behavior across those key players as well.

Decide which route is best for your business, right. Again, whatever route is best for your business which is running fantastically in the domestic market may not get the same kind of response or may not be suitable when going internationally where there might be a different kind of distribution or intermediaries are required.

So, if you run an e-commerce website already, you can start small by testing out the market through online sales. That is one way to start selling internationally. Alternatively, you could opt to work with partners. You can identify different partners in those particular countries to get your products distributed.

Or you may decide to take the plunge off by committing long term and set up your own entity in your target market. It is more like directly establishing your presence in that particular market by owning some assets like plants, R and Ds and even distribution networks in that particular country.

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And coming to the fifth and most important part of go-to market strategy is numbers, where it is important to have a look at international pricing strategy. So, there are different kind of you know factors that affect how you are going to price your products when you are selling them in an international market.

So, there are 7 Cs of international pricing strategy, 3 of them called as a primary factors and rest 3 or last other 4 are kind of you know secondary factors. So, the primary factors

include cost, competitors, and customers. Whereas, secondary factors includes cultural differences, channels of distribution, currency rates, and controlled by government or government regulations.

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Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy

Costs

- ❖ Firstly, it's critical to get a handle on all your costs related to your product/service offering.
- ❖ This includes development, manufacturing/production, packaging, distribution, storage, marketing, freight, tax, custom duty.

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Let us look at each one of them in detail. For example, first one is cost. So, firstly, it is critical to get a handle on all your cost related to your product and service offering. So, this includes development, manufacturing, production, packaging, distribution, storage, marketing, freight, etcetera all, even including tax and custom duties.

(Refer Slide Time: 15:38)

Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy

Competitors

- ❖ Understanding the competitive landscape is another key element.
- ❖ From a brand positioning perspective, understand where you sit within the positioning map in relation to your competitors.
- ❖ E.g., premium vs economy, as this will influence prices.

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Understanding the competitive landscape is another key element, after once you once you understand how the cost structure affects your business. So, from a brand positioning perspective, understand where you sit within your kind of you know positioning as compared to your competitors.

So, for example, are you enjoying a premium position or you want to kind of display yourself or present yourself as something which is economic option as compared to the competing brands or products. And this kind of positioning will again going to influence your prices in long run.

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The slide is titled "Do's and Don'ts of International Selling". It features a blue header and footer. The main content is on a white background. A blue checkmark icon is followed by the text "Do's". Below this, it says "Develop a Go-To Market Strategy". A red callout box labeled "Customers" points to the text "5. Numbers – International Pricing Strategy". Below this, there are two bullet points, each starting with a blue diamond icon. The first bullet point says "You should have a firm understanding of your target customers and how much they are willing to pay for your product/service." The second bullet point says "If you don't know, you need to find out." The footer contains a logo on the left and the number "84" on the right.

Third one is customers. So, you should have a firm understanding of your target customers and how much they are willing to pay for your product and services. If you don't know you need to find out about this.

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Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy

Cultural differences

- ❖ It is crucial to understand the local culture and your target customer's perception of your brand versus your competitors.
- ❖ For example, Starbucks deploy huge price variations due to market positioning: in Russia, they position themselves as a luxury high-end coffee house, whereas in the US, their target market is "Regular Joes"; therefore, their US prices are relatively lower than in Russia.

85

Coming to cultural differences. It is crucial to understand the local culture and your target customer's perception of your brand versus your competitors. For example, Starbucks deploy huge price variations due to market positioning in Russia. They position themselves as a luxury high-end coffee seller. Whereas, in the US their target market is "Regular Joes." Therefore, their prices are relative lower in Russia.

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Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy

Channels of distribution

- ❖ How many organisations are involved in your global supply chain? For example, agents, importers, wholesalers, retailers.
- ❖ The more companies which are involved, the higher your costs.

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Coming to channels of distribution. How many organizations are involved in your global supply chain? For example, agents, importers, wholesalers, retailers. The more

companies which are involved, the higher your cost will be and the lesser will be your profit margins.

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Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy

Currency rates

- ❖ Handling multiple currencies means that you are vulnerable to exchange rate fluctuations.
- ❖ This should be factored into your pricing strategy.

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Coming to currency rates. Handling multiple currencies means that you are vulnerable to exchange rate fluctuations. So, this should be factoring into your pricing strategy whenever you are planning to go international.

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Do's and Don'ts of International Selling

✓ **Do's**

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy

Control by government

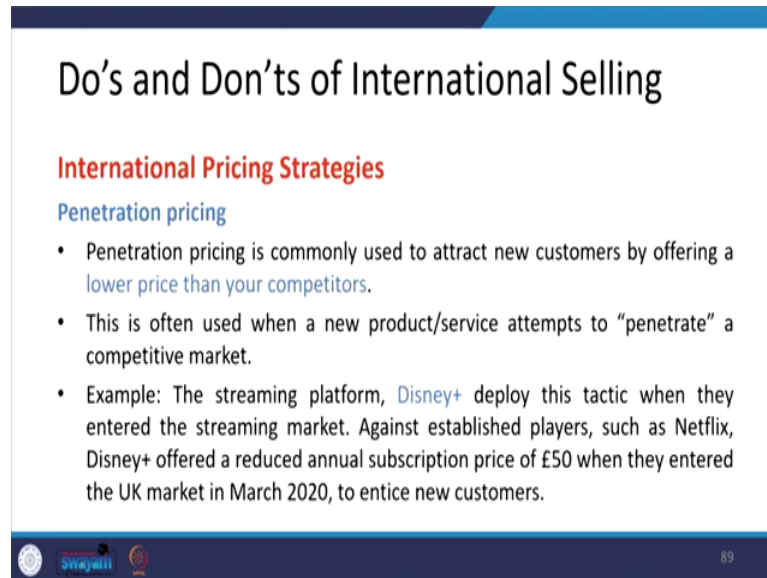
- ❖ Government regulations could potentially add to the complexity.
- ❖ For example, in the UK, there is a national minimum wage enshrined in law, so regardless of the size of your business, you would need to factor this in for UK workers.

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Coming to control by government, government regulations could potentially add to the complexity. For example, in the UK, there is a national minimum wage and enriched in

law. So, regardless of the size of your business, you would need to factor in these factors of you know wages and labour charges when you are expanding to UK.

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The slide is titled "Do's and Don'ts of International Selling". Under the heading "International Pricing Strategies", it discusses "Penetration pricing". The slide contains three bullet points: 1. Penetration pricing is commonly used to attract new customers by offering a lower price than your competitors. 2. This is often used when a new product/service attempts to "penetrate" a competitive market. 3. Example: The streaming platform, Disney+ deploy this tactic when they entered the streaming market. Against established players, such as Netflix, Disney+ offered a reduced annual subscription price of £50 when they entered the UK market in March 2020, to entice new customers. The slide footer includes a logo for "Sri Jayanti" and the number "89".

Coming to the next, now what are the pricing kind of you know strategies that are available for us when going international. Some of them are again applicable to domestic as well, but some of these will require more consideration or thought and before going internationally. First of its kind its penetration pricing. So, penetration pricing is commonly used to attract new customers by offering a lower price than your competitors.

So, this is often used when a new product or service attempts to “penetrate” a competitive market. A market where there is already there is a huge competition, selling the identical products and services. In those cases penetration pricing can be adopted.

So, for example, the streaming platform Disney plus, in India we have Disney plus Hotstar, the Disney plus deploy this tactic when they entered the streaming market. So, against established players like Netflix, Disney plus offered a reduced annual subscription price of around you know 50 pounds when they entered the UK market in March 2020. So, to entice new customers, they adopted the penetration pricing by pricing their products or kind of services at very low prices.

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The slide is titled "Do's and Don'ts of International Selling" and focuses on "International Pricing Strategies". It specifically discusses "Economy pricing". The content includes three bullet points: 1. Economy pricing is a volume-based pricing strategy. 2. Your product is priced low to gain revenue through volume purchases. 3. The German food discounters Aldi and Lidl both capitalise on economy pricing to drive their ambitious global growth plans. The slide footer contains a logo, the text "Swayam", and the number "90".

Do's and Don'ts of International Selling

International Pricing Strategies

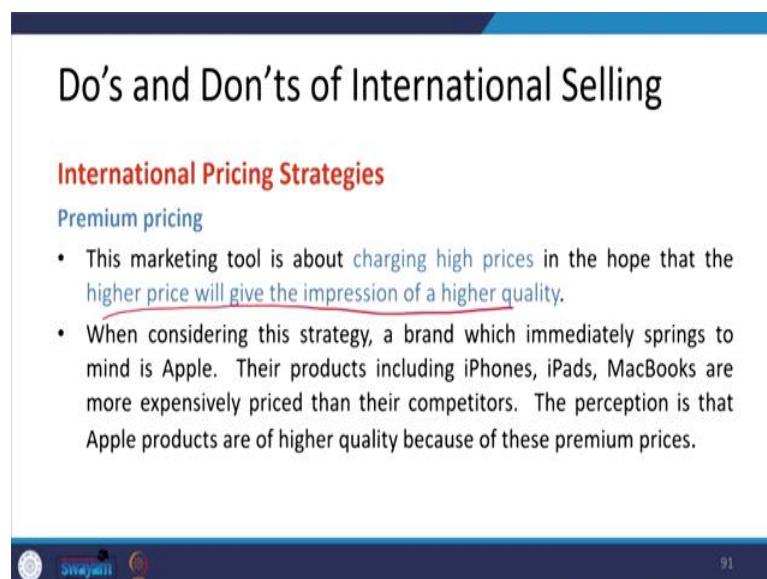
Economy pricing

- Economy pricing is a volume-based pricing strategy.
- Your product is priced low to gain revenue through volume purchases.
- The German food discounters Aldi and Lidl both capitalise on economy pricing to drive their ambitious global growth plans.

90

Second category of pricing method or pricing technique we can have is economic economy pricing. Economy pricing is a volume-based pricing strategy. Your product is priced low to gain revenue through volumes. When you want to sell a particular products in large volumes or bundled products, then you can use economic pricing. The German food discounters Aldi and Lidl both capitalize on economic pricing to drive their ambitious global growth plans.

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The slide is titled "Do's and Don'ts of International Selling" and focuses on "International Pricing Strategies". It specifically discusses "Premium pricing". The content includes two bullet points: 1. This marketing tool is about charging high prices in the hope that the higher price will give the impression of a higher quality. 2. When considering this strategy, a brand which immediately springs to mind is Apple. Their products including iPhones, iPads, MacBooks are more expensively priced than their competitors. The perception is that Apple products are of higher quality because of these premium prices. The slide footer contains a logo, the text "Swayam", and the number "91".

Do's and Don'ts of International Selling

International Pricing Strategies

Premium pricing

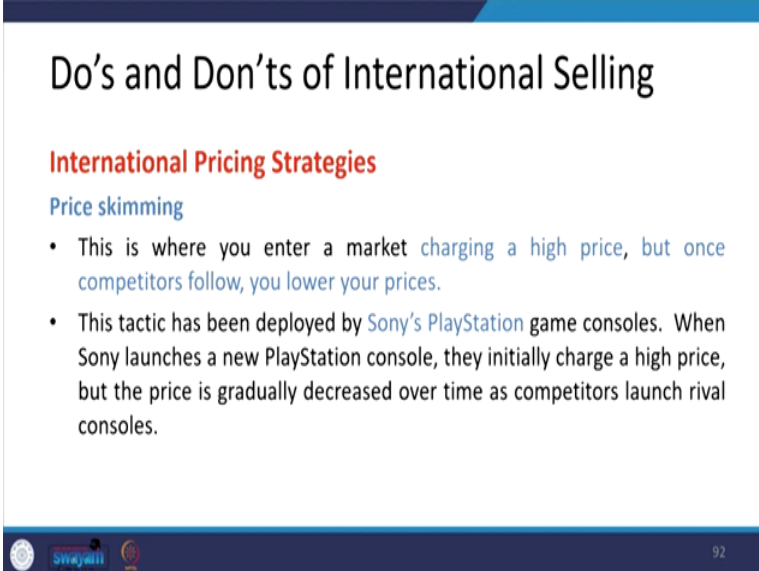
- This marketing tool is about charging high prices in the hope that the higher price will give the impression of a higher quality.
- When considering this strategy, a brand which immediately springs to mind is Apple. Their products including iPhones, iPads, MacBooks are more expensively priced than their competitors. The perception is that Apple products are of higher quality because of these premium prices.

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Another way to price your products when going international is adopting premium pricing. So, this marketing tool is about charging high prices in the hope that the higher price will give the impression of higher quality.

So, when considering the strategy, a brand which immediately springs to mind is Apple. So, their products including iPhones, iPads, MacBooks are more expensively priced than their competitors. The perception is that Apple products are of higher quality and built when compared to their competitors as they are kind of available at premium prices.

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The slide is titled "Do's and Don'ts of International Selling" and features a sub-section "International Pricing Strategies". Under this sub-section, "Price skimming" is defined as a strategy where a high price is charged initially, which is then lowered as competitors enter the market. An example is given of Sony's PlayStation game consoles, where a high price was initially charged but gradually decreased over time as competitors like Nintendo entered the market.

Do's and Don'ts of International Selling

International Pricing Strategies

Price skimming

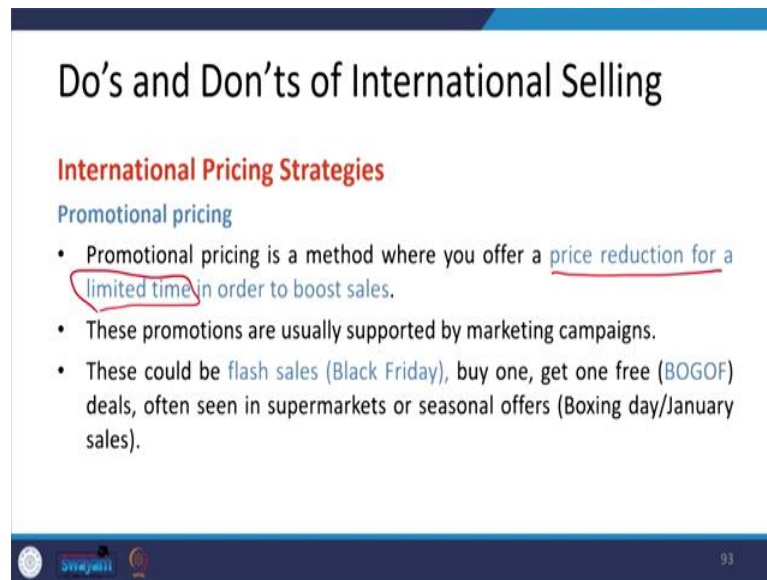
- This is where you enter a market charging a high price, but once competitors follow, you lower your prices.
- This tactic has been deployed by Sony's PlayStation game consoles. When Sony launches a new PlayStation console, they initially charge a high price, but the price is gradually decreased over time as competitors launch rival consoles.

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Next is price scheming, this is where you enter a market charging a high price, but once competition sets in you start lowering your prices. So, this tactic has been adopted by let us say Sony PlayStation, which sells his game consoles and you know uses price scheming methodology to price their games and souls.

When Sony launches a new PlayStation, they initially charge a high price, but the price is gradually decreased over time as competitors launch rival consoles like Nintendo and all.

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Do's and Don'ts of International Selling

International Pricing Strategies

Promotional pricing

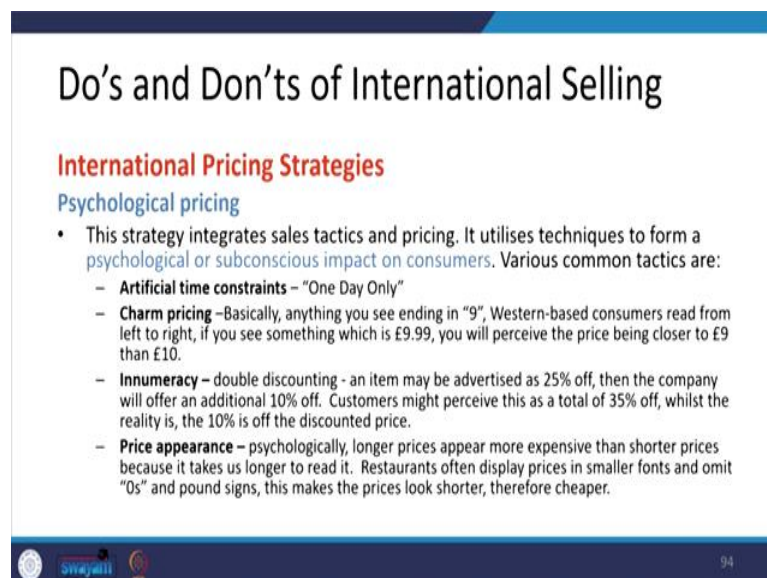
- Promotional pricing is a method where you offer a price reduction for a limited time in order to boost sales.
- These promotions are usually supported by marketing campaigns.
- These could be flash sales (Black Friday), buy one, get one free (BOGOF) deals, often seen in supermarkets or seasonal offers (Boxing day/January sales).

93

Next type is a promotional pricing. Promotional pricing is a method where you offer a price reduction for a limited time, so in order to boost sales. So, these promotions are usually supported by marketing campaigns. So, these are very very specific time bound offers that you provide on your products and services.

This could be like flash sales that we have like Black Friday or even a big billion days for in case of Flipkart, buy 1 get 1 free those kind of deals, often seen in supermarkets or seasonal offers as well.

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Do's and Don'ts of International Selling

International Pricing Strategies

Psychological pricing

- This strategy integrates sales tactics and pricing. It utilises techniques to form a psychological or subconscious impact on consumers. Various common tactics are:
 - **Artificial time constraints** – “One Day Only”
 - **Charm pricing** – Basically, anything you see ending in “9”, Western-based consumers read from left to right, if you see something which is £9.99, you will perceive the price being closer to £9 than £10.
 - **Innumeracy** – double discounting - an item may be advertised as 25% off, then the company will offer an additional 10% off. Customers might perceive this as a total of 35% off, whilst the reality is, the 10% is off the discounted price.
 - **Price appearance** – psychologically, longer prices appear more expensive than shorter prices because it takes us longer to read it. Restaurants often display prices in smaller fonts and omit “0s” and pound signs, this makes the prices look shorter, therefore cheaper.

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Psychological pricing, this strategy integrates sales tactics and pricing together. So, it utilizes techniques to form a psychological or subconscious impact on consumers. So, various tactics here include kind of you know artificial time constraints, like one day only or limited period time offers.

We have charm pricing, where basically anything you see ending in 9. So, Western-based customers read from left to right, so if you see something which is 9.99 euro or pound, you will perceive the price being closer to 9 instead of 10. So, that is kind of a psychological pricing you can adopt.

Third type is innumeracy, is kind of a double discounting. An item may be advertised as 25 percent off, then the company will offer an additional 10 percent off, but however, it is not totally kind of you know adding up to 35 percentage. So, it is more like customers might perceive this as a total 35 percentage off, but in reality the 10 percentage of is of the discounted price, right. So, there is a difference.

And then price appearance is again one of the kind of psychological pricing, where psychologically, longer prices more appear more expensive than shorter prices because it takes us longer to read it, right. So, restaurants often display their prices in those double digit or you know one digit only. So, this makes the prices look shorter therefore, cheaper as well.

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Do's and Don'ts of International Selling

International Pricing Strategies

Sandwich Pricing

- This tactic involves "sandwiching" your competitor's price between two of your own products.
- The idea is you have a more expensive version with more benefits, a cheaper version with less features, as well as a mid-priced offering.
- This tactic is designed to drive customers towards your mid-priced item.

Handwritten notes:
x ← 500/-
y ← 1500/-
z ← 700/-


swajail 95

Sandwich pricing is something which you can adopt. This tactic involves “sandwiching” your competitor’s price between two of your own products, right. For example, x is your competitor has two kind of products in the same category, one selling at let us say 500 rupees or something like this and another one another kind of a brand or a product from the same competitor is coming at around let us say 1500. And then you enter into market, you sandwich the prices, you offer around a similar product around let us say 700 or 800 rupees. So, you find a sweet spot between those competing prices.

The idea is to have a more expensive version with more benefits, a cheaper version with less features as well as mid-price offerings as well. Even all automobiles in India do that. So, middle version like Xi versions are basically mostly sale kind of you know sold versions.

So, this tactic is designed to drive customers towards your mid-price item and where you get more business in terms of, as you are selling them in most of in more volume kind of a thing.

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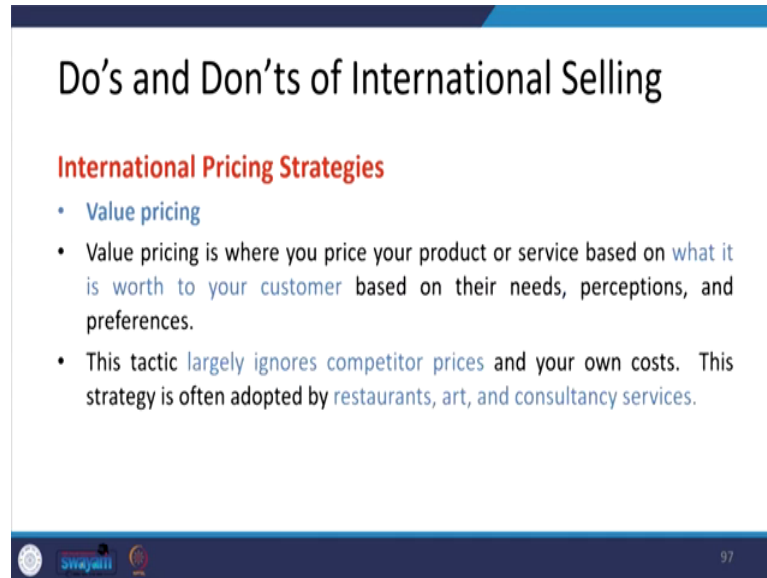


The slide is titled "Do's and Don'ts of International Selling". Under the heading "International Pricing Strategies", there is a sub-section "Competitive pricing". It lists three bullet points: "Here, you are setting your prices based on your competitor's prices.", "This is often used where the product is largely homogeneous, and when you are operating in a highly competitive market.", and "A classic example is between Pepsi and Coca Cola. Both brands compete over pricing, quality, and features. Their prices remain similar." The slide footer includes a logo, the text "Swayam", and the number "96".

Competitive pricing, here you are setting your prices based on your competitor’s prices. So, this is often used where the product is largely homogeneous, and when you are kind of operating in a highly competitive market.

So, classic example is between Pepsi and Coca Cola. You will find that across all the SKUs that is stock keeping units, the prices will almost match with each other. So, these prices remain similar across those kind of you know products or SKUs.

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The slide is titled "Do's and Don'ts of International Selling" and features a sub-section "International Pricing Strategies" in red text. It lists two bullet points under "Value pricing". The first bullet point explains that value pricing is based on what the product is worth to the customer, considering their needs, perceptions, and preferences. The second bullet point states that this tactic largely ignores competitor prices and the company's own costs, and is often used by restaurants, art, and consultancy services. The slide footer includes a logo for "swayam" and the number "97".

Do's and Don'ts of International Selling

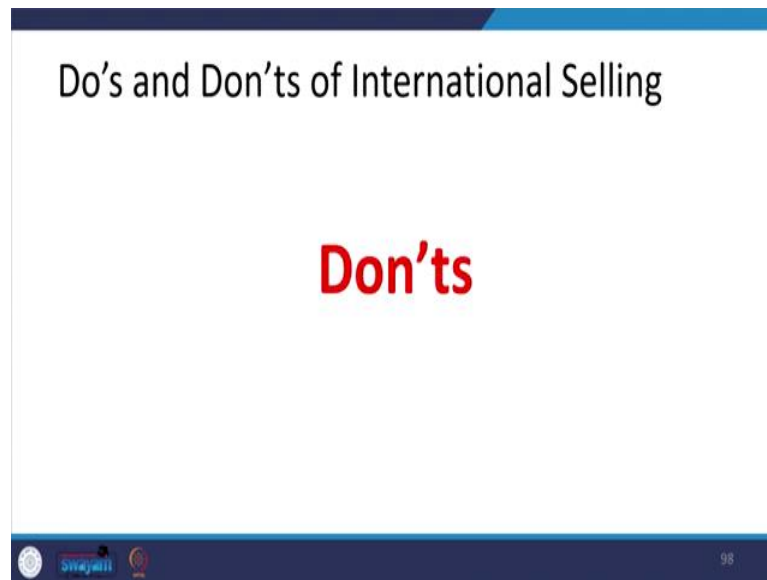
International Pricing Strategies

- Value pricing
- Value pricing is where you price your product or service based on what it is worth to your customer based on their needs, perceptions, and preferences.
- This tactic largely ignores competitor prices and your own costs. This strategy is often adopted by restaurants, art, and consultancy services.

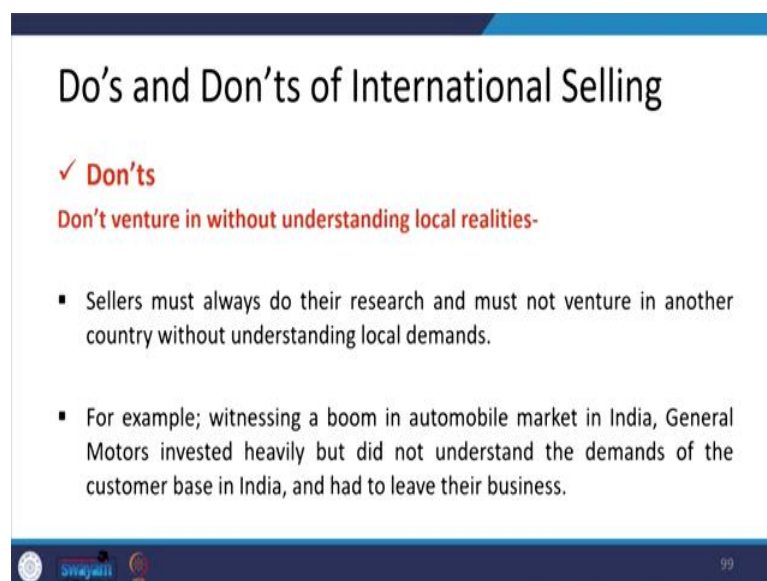
Value pricing is another method, where you price your product or service based on what it is worth to your customers. For example, insurance products. So, they are based on the needs, perceptions and even preferences as well.

The tactic largely ignores competitive prices here. So, whatever you are thinking is you are putting your customer in your kind of mind and then accordingly, what exact kind of you know amount or price he will be willing to pay for this particular product, and accordingly you are going to take a call when deciding prices. So, this strategy is often adopted by our restaurants, art, and consultancy services.

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So, after having a look at these do's that one should practice, there are it is important to look at some don'ts as well. First one here is, don't venture in without understanding local realities. So, sellers must always do their research and must not venture in another country without understanding the local demands or culture as well.

For example, witnessing a boom in automobile market in India, General Motors invested heavily, but did not understand the demands of the customer base in India and had to leave their business altogether.

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Do's and Don'ts of International Selling

✓ **Don'ts**
Don't Forget to Make Distribution a Strategic Priority-

- Another important factor in the global sales and marketing process is understanding how to reach your target market.
- Despite whatever mediums you choose for selling their products abroad, local distribution channels must be strengthened to ensure optimum sales.
- Be careful not to compete with your own distribution partners by selling directly to end-users

100

Next is don't forget to make distribution a strategic priority. So, another important factor in the global sales and marketing process in understanding how to reach your target market. Despite whatever mediums you choose for selling their products abroad, local distribution channels must be strengthened to ensure optimum sales.

So, be careful not to compete with your own distribution partners by selling directly to end-users.

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Do's and Don'ts of International Selling

✓ **Don'ts**
Don't ignore cultural barriers-

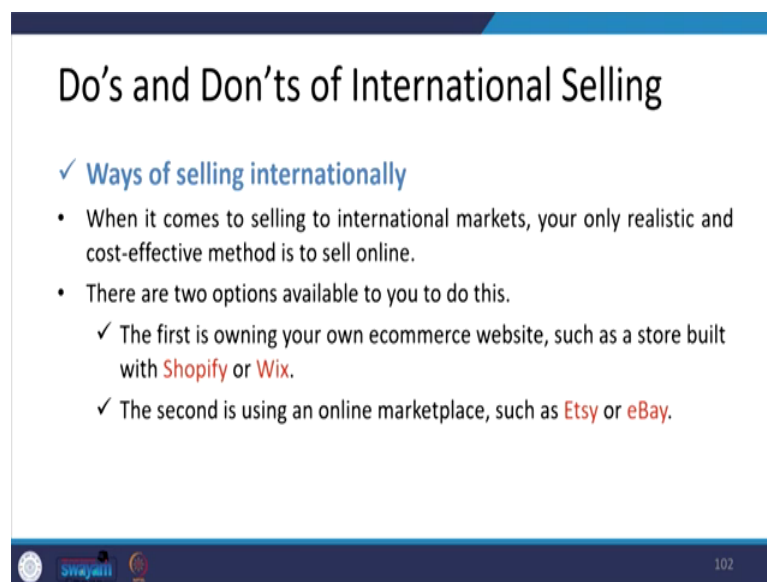
- Sellers seeking prospects of selling in an international market must understand cultural sensitivities of the market to avoid cultural impropriety.
- *For example*, sellers seeking access of Arab markets have to ensure *Halal* certifications to ensure smooth business.
- Pay attention to details including symbols, phrases and traditions and make sure these align with your brand. Do not be afraid to update your logo or tagline to meet the needs of your new audience, if necessary.

101

Next is don't ignore cultural barriers. So, sellers seeking prospects of selling in international market must understand cultural sensitivities of the market to avoid cultural impropriety.

For example, seller seeking across excess of Arab markets have to ensure Halal certifications to ensure smooth business. Otherwise, it is very tough to sell in those Arabian markets. Pay attention to details including symbols, phrases, traditions, and make sure that these align with your brand. don't be afraid to update your logo or tagline to meet the needs of your new audience, if necessary.

(Refer Slide Time: 26:10)



The slide is titled "Do's and Don'ts of International Selling". It features a blue header and footer. The main content is a list of points under the heading "✓ Ways of selling internationally".

- When it comes to selling to international markets, your only realistic and cost-effective method is to sell online.
- There are two options available to you to do this.
 - ✓ The first is owning your own ecommerce website, such as a store built with **Shopify** or **Wix**.
 - ✓ The second is using an online marketplace, such as **Etsy** or **eBay**.

The footer contains a logo on the left and the number "102" on the right.

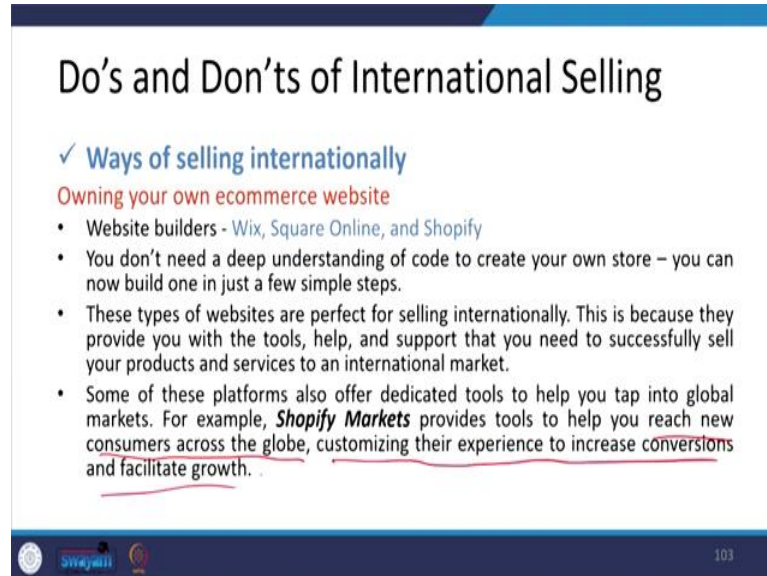
So, what are the ways of selling internationally? So, after these do not's, that you know don't do these and don't do these things. Let us have a look at what are the ways of selling internationally.

So, when it comes to selling to international markets, your only realistic and cost-effective method is to sell online, right. So, given the penetration of internet across the globe, there are more than 4 billion people who are using internet and even social media as well.

So, there are two options available to you to do this. First one, the first is owning your own e-commerce website, such as a store built with Shopify or Wix. These are kind of you know tools that allow you to create your own website. And the second one is using

an online marketplace such as Etsy or eBay to sell your products right from your home market into the international market.

(Refer Slide Time: 26:57)



The slide is titled "Do's and Don'ts of International Selling". It features a blue header and footer. The main content is on a white background. A blue checkmark icon precedes the section title "Ways of selling internationally". Below this, the sub-section "Owning your own ecommerce website" is highlighted in red. A bulleted list follows, with the final point underlined in red. The footer contains a small circular logo on the left and the number "103" on the right.

Do's and Don'ts of International Selling

✓ **Ways of selling internationally**

Owning your own ecommerce website

- Website builders - Wix, Square Online, and Shopify
- You don't need a deep understanding of code to create your own store – you can now build one in just a few simple steps.
- These types of websites are perfect for selling internationally. This is because they provide you with the tools, help, and support that you need to successfully sell your products and services to an international market.
- Some of these platforms also offer dedicated tools to help you tap into global markets. For example, **Shopify Markets** provides tools to help you reach new consumers across the globe, customizing their experience to increase conversions and facilitate growth.

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Let us look at the first category that is creating or owning your own e-commerce market or website. So, website builders you can use here as a Wix, Square Online, or Shopify for that case. So, you don't need a deep understanding of coding to create those websites or interactive website. You can now build one in just a few simple clicks using the template that are available through these kind of you know providers, like Wix and Shopify.

So, these types of websites are perfect for selling internationally. This is because they provide you with the tools, help, and support that you need to successfully launch your company and sell your products and services into an international market.

Some of these platforms are offering dedicated tools to help you tap into global kind of markets. For example, Shopify markets provides tools to help you reach new customers across the globe, customizing their experience to increase convergence and facilitate growth.

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Do's and Don'ts of International Selling

✓ **Ways of selling internationally**

Using an online marketplace

- Online marketplaces offer another option for those looking to sell to a wider, international market. Some popular examples of these include:
 - eBay ✓
 - Rakuten ✓
 - Alibaba ✓
 - Amazon ✓
- These platforms allow you to access a ready-made, international audience of consumers.

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Going to the second one that is using an online marketplace like Etsy or eBay for the (Refer Time: 27:53). Online marketplaces offer another kind of an option for those looking to sell to a wider international market. Some popular examples here as I said it is eBay, Rakuten, Alibaba and even Amazon for that sake.

So, these platforms allow you to access a readymade, international audience of consumers.

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Do's and Don'ts of International Selling

✓ **Ways of selling internationally**

| | | | | |
|---------------------------------|--|---------------------------------|--------------------------|---|
| Get to Know New Market | Consider a Multi-Language Store | Sort out Payment Methods | Support Local Currencies | Research International Shipping Options |
| Study Tax Rules and Regulations | Have Clear International Return Policy | Investigate Fulfillment Centers | Find Business Partners | Make Use of Analytic Tools |

Source: MagWork


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So, there are some steps you should follow. First get to know you a new market, what about your customers, about kind of you know cultural things and everything. Consider a multi-language store. So, your website should have that option, to view that particular website in English as well as the local language that is spoken in that particular country.

Sort out payment methods, as per the kind of you know geographic or kind of country specific regulations. Support local currencies, so that customers can buy in their local currencies whereas, you will get paid in your own home currency. So, research international shipping options which are available for your business. Study tax regulations that will affect going to affect your pricing.

Have a clear international return policy. Then, investigate fulfillment centers to be established across the globe. And find business partners who will help you to do these things, many of these things that are listed here. And make use of analytics tools like Google analytics and all or even HubSpot kind of you know tools, where you can track real time data coming from those markets and then personalize or kind of you know create campaigns that appeal to that global audience.

(Refer Slide Time: 29:20)




The slide features a blue header with the title "Do's and Don'ts of International Selling". Below the title, there is a blue checkmark icon followed by the text "Some successful examples global marketing". A bulleted list contains two items: the first discusses the Austrian company Red Bull's global marketing success, and the second describes its event marketing strategy. To the right of the text is a vertical image of a Red Bull can. The slide footer includes a logo for "Swayam" and the number "106".

Do's and Don'ts of International Selling

✓ Some successful examples global marketing

- Austrian company **Red Bull** does such a great job with global marketing that many Americans assume it's a local brand. How?
- One of its most successful tactics is to host extreme sports events all over the world. From the Red Bull Indianapolis Grand Prix to the Red Bull Air Race in the United Kingdom to the Red Bull Soapbox Race in Jordan, the brand's powerful **event marketing strategy** takes them here, there, and everywhere.

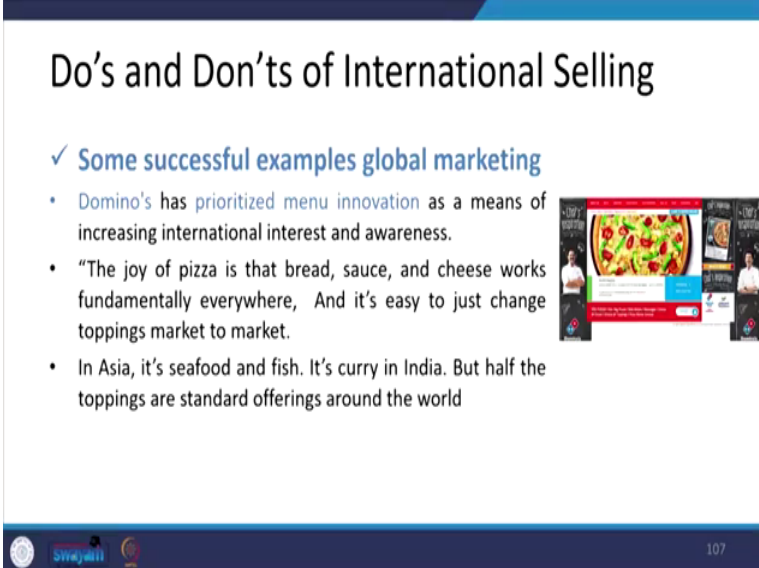


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Some successful examples I would like to discuss here. One is Austrian company Red Bull. A Red Bull does such a great job with global marketing that many Americans assume that it is a local product, that is an US made. But how?

One of its most successful tactic is to host extreme sports events all over the world. From the Red Bull Indianapolis Grand Prix to the Red Bull Air Race in the UK to the Red Bulls Soapbox Race in Jordan, the brand’s powerful event marketing strategy takes them everywhere there and everywhere across their markets.


(Refer Slide Time: 29:57)



Do's and Don'ts of International Selling

✓ **Some successful examples global marketing**

- Domino's has prioritized menu innovation as a means of increasing international interest and awareness.
- “The joy of pizza is that bread, sauce, and cheese works fundamentally everywhere, And it's easy to just change toppings market to market.
- In Asia, it's seafood and fish. It's curry in India. But half the toppings are standard offerings around the world



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Domino’s is another example, who has prioritized menu innovation as a means of increasing international interest and awareness. So, the joy of pizza is that bread, sauce, and cheese works fundamentally everywhere, and it is easy to just change toppings market to market, but that is not the approach which Domino’s takes.


In Asia, it is seafood and fish are the kind of toppings you will get. But it is curry in India, so they have adopted to the local kind of you know taste and flavors that are preferred by the particular local customers, even if they are being a global kind of presence. But half of the toppings are standard offerings around the world. So, you need to adopt that think global act local kind of strategy here.

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Do's and Don'ts of International Selling

✓ **Some successful examples global marketing**

- Spotify's business model is focused on helping you find something new.
- It's one thing to select a genre of music to listen to — it's another thing to select a "mood" to listen to. In Spotify's "Browse" page, you can listen not just to "country" and "hip-hop," but also music that caters to your "workout" or "sleep" preferences.
- By changing how they describe their content, Spotify gets users to listen to music that goes beyond their favorite genres, and instead satisfies habits and lifestyles that people share all over the world. This allows international artists to access listeners from other countries simply because their product is being categorized a different way.
- Spotify now has offices in more than fifteen countries around the world.



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Again Spotify, another example. Spotify business model is focused on helping you find something new. So, it is one thing to select a genre of music to listen to, it is another thing to select a “mood” of audience to listen to. So, in Spotify’s “Browse” page, you can listen not just to “country” and “hip-hop,” but also music that caters to your “workout” and even “sleep” references as well.

So, by changing how they describe their content, Spotify gets users to listen to music that goes beyond their favorite genres, and instead, satisfies habits and lifestyles that people share all over the world. So, this allows international artists to again access listeners from other countries simply because their product is being categorized in different ways.

So, Spotify now has the offices in more than 15 countries around the world adopting to each particular market individually. So, that is kind of you know summary of this particular session, where we just understood the do’s and don’ts of going into international markets, and what are the; what are the ways, especially online ways available for you to sell your products in an international market.

Thank you.